

An Empirical Analysis Of The Key Drivers Of Customer Satisfaction In Retail Stores Of Hyderabad City

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Abstract

Customer satisfaction has become a critical factor for the success of businesses, especially in the retail sector, where customer preferences and experiences are constantly evolving. The retail landscape has undergone significant change as a result of Hyderabad's growing urbanization and economic development. Due to their ease of use, wide selection of products, and high level of customer service, organized retail stores, which provide structured shopping experiences, now hold a significant share of the market. However, for retailers looking to increase customer loyalty and maintain business growth in a market that is becoming increasingly competitive, it is essential to comprehend the factors that influence customer satisfaction. This study aims to empirically analyse the key factors influencing customer satisfaction in the organized retail stores of Hyderabad. By exploring various determinants such as product quality, service efficiency, store ambiance, and customer interactions, the research seeks to identify which elements most significantly contribute to positive customer experiences. The insights gleaned from this analysis will be helpful to retailers in Hyderabad in adapting their strategies to meet customer expectations and increase customer satisfaction in a retail environment that is rapidly changing.

Reason - the motivation behind this study is to discover the An Empirical Analysis of the Key Drivers of Customer Satisfaction in Retail Stores of Hyderabad City, , particularly while the whole world is struggling to create a balance between the two.

Information/Design/Methodology/Approach - The information gathered and treated appropriately by utilizing measurable devices.

Discoveries – Customer Satisfaction in Retail is great yet hypothetically just, for all intents and purposes it requires significant activities.

Creativity/Value - the examination was led remembering the exploration morals, and seen that information gathered is certifiable and legitimate

Keywords: Empirical Analysis, Customer Satisfaction, Retail Stores, Hyderabad

INTRODUCTION

Customer satisfaction has emerged as one of the most important success factors for retail businesses in today's highly competitive retail environment. With rapid economic development and urbanization, cities like Hyderabad have witnessed a significant growth in organized retail stores, transforming the way consumers shop and interact with brands. The organized retail sector in Hyderabad has flourished in recent years, with an increasing number of national and international brands establishing a presence in the city. Despite this growth, retailers are faced with the challenge of keeping customers satisfied in a highly dynamic and competitive marketplace. Customer satisfaction in retail is influenced by various factors, including product quality, pricing strategies, store environment, service quality, and the overall shopping experience. It is essential for businesses to understand the interplay of these factors to create a positive and memorable shopping experience that encourages repeat purchases and builds customer loyalty. Retailers that are able to identify and optimize the key drivers of customer satisfaction are better equipped to stay ahead of their competitors and foster long-term relationships with their customers.

Hyderabad, with its diverse population and vibrant retail culture, provides a unique setting in which to investigate the factors that influence customer satisfaction in organized retail. Customers' perceptions and actions are the primary focus of this study, which aims to empirically examine the key factors that influence customer satisfaction in city-wide retail establishments. By examining factors such as customer

service, product variety, store layout, pricing strategies, and technological integration, this research aims to uncover valuable insights that will help retailers in Hyderabad fine-tune their strategies to meet the needs and expectations of today's consumers.

The findings of this research will not only shed light on the specific aspects of customer satisfaction that matter most to Hyderabad's retail shoppers but also provide actionable recommendations for retailers seeking to improve their service offerings and increase customer loyalty. Understanding and responding to these satisfaction drivers is essential for maintaining long-term success in the competitive retail industry in this day and age of constantly shifting customer expectations.

LITERATURE REVIEW

JYOTHI, R. (2024) Customer satisfaction has long been recognized as a crucial determinant of business success, particularly in the retail sector, where customer loyalty and repeat business directly impact profitability and long-term growth. In this literature review, we explore various studies and frameworks that have identified key drivers of customer satisfaction, particularly in organized retail environments, while also examining the specific context of Hyderabad's retail market.

Sharma, P., et al. (2024) a significant influence on customer perceptions and satisfaction is the store environment. A retail store's layout, cleanliness, lighting, music, and general atmosphere can all have a big effect on how a customer feels about shopping there. A well-designed store creates a positive atmosphere that encourages customers to spend more time and money in the store. Indian retail stores were the focus of a study.

Bhat, I H., et al. (2024) the integration of technology into retail is having an increasing impact on customer satisfaction, according to customers now expect seamless digital experiences in addition to traditional in-store offerings as online shopping grows in popularity. Technologies such as mobile apps, self-checkout systems, and online ordering have enhanced convenience and personalization, positively influencing customer satisfaction.

Dabral, P., et al (2024) Customer satisfaction is closely linked to customer loyalty, which is crucial for long-term success in the retail sector. According to a study, satisfied customers are more likely to become repeat, loyal, and brand advocates. In the retail industry, customer satisfaction has been shown to be a precursor to customer retention, repeat purchasing, and positive word-of-mouth, all of which contribute to the store's profitability..

Dey, A. K. (2023) Customer satisfaction has been extensively studied in relation to service quality. The model identifies five dimensions of service quality: tangibles, reliability, responsiveness, assurance, and empathy. These dimensions are reflected in store staff behaviour, service staff responsiveness, and the overall interaction between staff and customers in the retail industry. Retailers who excel in providing personalized, attentive, and prompt services are more likely to have satisfied customers.

A. Khaled S., & Ahmed, S. (2023) Pricing plays a pivotal role in customer satisfaction, particularly in value-conscious markets like India. Consumers in organized retail outlets expect competitive prices that reflect the value of the product. Customers are more likely to return to stores that offer attractive prices and discount schemes without compromising product quality because price perceptions, discounts, and promotional offers have a significant impact on customer satisfaction.

Palani, P., and Malarvizhi, G. (2023) say that the Indian retail market is unique because it has a wide range of customers and is changing quickly. Studies suggest that Indian consumers are becoming increasingly sophisticated; seeking not only low prices but also quality service and product offerings. To meet customer expectations, Indian retailers must comprehend these nuances and adapt their strategies accordingly. Understanding local consumer behavior and preferences is essential for retailers aiming to increase customer satisfaction in Hyderabad, a city with a burgeoning retail sector.

L. Ramanjaneya and M. Sirajuddin (2023) organized retail stores and cutting-edge shopping malls have transformed Hyderabad's retail sector, making it one of India's fastest-growing cities. Research notes that organized retail outlets in Hyderabad cater to a diverse consumer base, offering a wide range of products and services. However, customer satisfaction levels in the city's retail sector are influenced by factors such as the level of competition, regional preferences, and the overall shopping experience..

Dittrich, C. (2017) Customer satisfaction is the degree to which a product or service meets or exceeds a customer's expectations. In the context of organized retail, customer satisfaction is a multidimensional construct that is influenced by various factors, including product quality, service quality and store atmosphere, pricing, and customer experiences. Satisfied customers are more likely to engage in loyalty behaviours like repeat purchases, positive word-of-mouth, and brand advocacy, according to studies. Customer satisfaction is consistently cited as one of the most important factors in product quality.

Nanda, N., et al (2013) in retail, consumers expect products to meet their standards in terms of reliability, durability and functionality. Offering high-quality products at competitive prices is essential for increasing customer satisfaction in the Indian context, where customers are increasingly looking for value for money. Customer satisfaction and retention in retail stores are positively impacted by a superior product range and quality, according to research.

Objectives

- To identify the key drivers of customer satisfaction in organized retail stores in Hyderabad.
- To assess the impact of product quality on customer satisfaction in Hyderabad based retail stores.
- To examine the role of service quality in shaping customer satisfaction in retail stores
- To investigate the influence of store ambiance and environment on customer satisfaction

Hypotheses

- **H1:** Product quality has a significant positive impact on customer satisfaction in organized retail stores in Hyderabad.
- **H2:** Service quality is positively correlated with customer satisfaction in organized retail stores in Hyderabad.
- **H3:** Store ambiance (including layout, cleanliness, lighting, and atmosphere) has a significant effect on customer satisfaction in organized retail stores in Hyderabad.
- **H4:** Competitive pricing strategies are positively related to customer satisfaction in organized retail stores in Hyderabad.

RESEARCH METHODOLOGY

The purpose of this study's research methodology is to comprehensively investigate the primary factors that influence customer satisfaction in organized retail stores in Hyderabad. The study will employ a quantitative research approach using surveys as the primary data collection method to ensure that reliable, objective, and statistically valid results are obtained. The research methodology is described in detail below:

1. Research Design:

This study will use a descriptive research design, which aims to describe and analyze the relationship between various factors (product quality, service quality, store ambiance, pricing strategies, etc.) and customer satisfaction. Descriptive research is suitable for identifying patterns and providing insights into the factors that influence customer satisfaction in the retail context.

2. Population and Sample:

Population: The target population for this study will include customers who have shopped in organized retail stores in Hyderabad.

Sampling Frame: The study will focus on retail stores across different parts of Hyderabad, including popular shopping malls, supermarkets, and specialty stores.

Sample Size: A sample size of 200 respondents will be selected to ensure that the results are representative and statistically significant. A convenience sampling strategy will be used to select the sample from a variety of retail establishments to guarantee a wide range of customer experiences.

Sampling Technique: A non-probability sampling method will be used, specifically convenience sampling, to target customers who are readily available and willing to participate in the survey.

3. Data Collection Method:

The primary data for this study will be collected through a structured questionnaire. The questionnaire will be designed to gather information on the various factors influencing customer satisfaction, such as:

- ❖ Product quality
- ❖ Service quality

- ❖ Store ambiance and environment
- ❖ Pricing strategies
- ❖ Use of technology (self-checkouts, mobile apps, etc.)
- ❖ Customer loyalty and retention

Respondents' attitudes and perceptions regarding each factor is measured by the questionnaire using a Likert scale with responses ranging from "Strongly Agree" to "Strongly Disagree." Demographic information, such as age, gender, income, and shopping habits, is also gathered for the purpose of determining whether or not these factors have an impact on customer satisfaction.

4. Data Analysis Techniques:

- ❖ The data is analyzed using statistical methods to test the research hypotheses and identify significant relationships between the variables. The SPSS (Statistical Package for the Social Sciences) is used for the analysis, and the following methods were used:
- ❖ Descriptive Statistics: To summarize the demographic profile of respondents and to provide basic summaries of the key variables.
- ❖ Correlation analysis is used to determine the strength and direction of the relationships that exist between various factors and customer satisfaction, such as product quality and service quality. • Multiple Regression Analysis: To understand the relative importance of each key driver (product quality, service quality, store ambiance, etc.) on customer satisfaction.

5. Research Instrument:

The research instrument used for data collection will be a **structured questionnaire** designed to address the objectives of the study. The questionnaire will consist of two sections:

- **Section 1:** Demographic details (age, gender, income, frequency of shopping, etc.)
- **Section 2:** Questions related to the key drivers of customer satisfaction in retail stores (measured using a Likert scale).

Table 1: Age of the Respondents

Age of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
	18-25	27	13.5	13.5	13.5
	26-35	65	32.5	32.5	46.0
	36-45	48	24.0	24.0	70.0
Valid	46-55	33	16.5	16.5	86.5
	Above 55	27	13.5	13.5	100.0
	Total	200	100.0	100.0	

Graph 1: Age of the Respondents

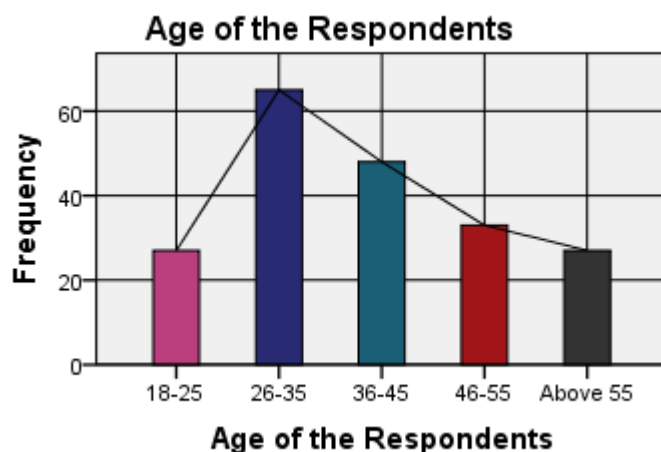


Table 2: Gender of the Respondents

Gender of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Male	73	36.5	36.5	36.5
	Female	127	63.5	63.5	100.0
	Total	200	100.0	100.0	

Graph 2: Gender of the Respondents

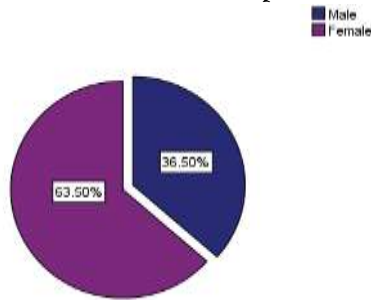


Table 3: Income of the Respondents

Income of the Respondents					
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Below 20,000	66	33.0	33.0	33.0
	20,000 - 40,000	40	20.0	20.0	53.0
	40,000 - 60,000	40	20.0	20.0	73.0
	60,000 - 80,000	26	13.0	13.0	86.0
	Above 80,000	28	14.0	14.0	100.0
	Total	200	100.0	100.0	

Graph 3: Income of the Respondents

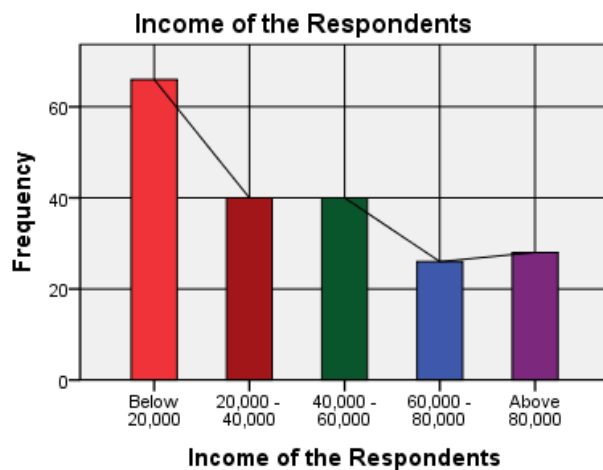


Table 4: Hypothesis Testing

H1: Product quality has a significant positive impact on customer satisfaction in organized retail stores in Hyderabad

Case Processing Summary				
			N	Marginal Percentage
Overall, I am satisfied with my shopping experience at this store	Strongly Disagree		42	21.0%
	Disagree		33	16.5%
	Neutral		41	20.5%
	Agree		41	20.5%
	Strongly Agree		43	21.5%
The products offered by this store meet my expectations in terms of quality	Strongly Disagree		42	21.0%
	Disagree		33	16.5%
	Neutral		41	20.5%
	Agree		41	20.5%
	Strongly Agree		43	21.5%
Valid			200	100.0%
Missing			0	
Total			200	

Model Fitting Information

Model	-2 Log Likelihood	Chi-Square	df	Sig.
Intercept Only	642.104			
Final	.000	642.104	4	.000

Link function: Logit.

Parameter Estimates

		Estimate	Std. Error	Wald	df	Sig.	95% Confidence Interval	
							Lower Bound	Upper Bound
Threshold	[Satisfaction = 1.00]	-42.026	9.480	19.651	1	.000	-60.607	-23.445
	[Satisfaction = 2.00]	-30.636	8.465	13.097	1	.000	-47.227	-14.044
	[Satisfaction = 3.00]	-19.359	7.609	6.472	1	.011	-34.273	-4.445
	[Satisfaction = 4.00]	-7.411	6.205	1.427	1	.232	-19.571	4.750
Location	[Product Quality =1.00]	-49.415	11.334	19.009	1	.000	-71.629	-27.201
	[Product Quality=2.00]	-36.208	8.927	16.451	1	.000	-53.705	-18.711
	[Product Quality=3.00]	-25.011	8.056	9.639	1	.002	-40.800	-9.221

[Product Quality=4.00]	-13.521	7.038	3.691	1	.055	-27.316	.274
[Product Quality=5.00]	0 ^a	.	.	0	.	.	.

Link function: Logit.

a. This parameter is set to zero because it is redundant.

The significant P Value is .000 which implies that Service quality is positively correlated with customer satisfaction in organized retail stores in Hyderabad and rejects null hypothesis accepting the alternative

Table 5: Hypothesis Testing

H2: Service quality is positively correlated with customer satisfaction in organized retail stores in Hyderabad

Case Processing Summary

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Satisfaction * Service Quality	200	100.0%	0	0.0%	200	100.0%

Overall, I am satisfied with my shopping experience at this store * The store staff service is friendly and helpful during my shopping experience Cross tabulation

			The store staff service is friendly and helpful during my shopping experience					Total
			Strongly Disagree	Disagree	Neutral	Agree	Strongly Agree	
Overall, I am satisfied with my shopping experience at this store	Strongly Disagree	Count	42	0	0	0	0	42
		Expected Count	8.8	6.9	8.6	8.6	9.0	42.0
	Disagree	Count	0	33	0	0	0	33
		Expected Count	6.9	5.4	6.8	6.8	7.1	33.0
	Neutral	Count	0	0	41	0	0	41
		Expected Count	8.6	6.8	8.4	8.4	8.8	41.0
	Agree	Count	0	0	0	41	0	41
		Expected Count	8.6	6.8	8.4	8.4	8.8	41.0
	Strongly Agree	Count	0	0	0	0	43	43
		Expected Count	9.0	7.1	8.8	8.8	9.2	43.0
	Total	Count	42	33	41	41	43	200
		Expected Count	42.0	33.0	41.0	41.0	43.0	200.0

Chi-Square Tests

		Value	df	Asymp. Sig. (2-sided)	Monte Carlo Sig.	Monte Carlo Sig. (2-sided)	Monte Carlo Sig. (1-sided)
					99% Interval	99% Confidence	99% Confidence
					Lower Bound	Upper Bound	Lower Bound
Pearson Square	Chi-0 ^a	800.00	16	.000	.000 ^b	.000	.000
Likelihood Ratio		642.104	16	.000	.000 ^b	.000	.000
Fisher's Test	Exact 2	571.982			.000 ^b	.000	.000
Linear-by-Linear Association		199.000 ^c	1	.000	.000 ^b	.000	.000
N of Valid Cases		200					

a. 0 cells (0.0%) have expected count less than 5. The minimum expected count is 5.45.

b. Based on 10000 sampled tables with starting seed 2000000.

c. The standardized statistic is 14.107.

The significant P Value is .000 which implies that Service quality is positively correlated with customer satisfaction in organized retail stores in Hyderabad and rejects null hypothesis accepting the alternative.

Findings and Discussion:

- It is found that the key drivers (service, price, store environment, etc.) influences customer satisfaction.
- It is found that the all youngster visits retail stores for shopping.
- It is found that Hyderabad's retail environment different from other cities in India or globally.

CONCLUSION

This study aimed at recognizing that customer satisfaction is essential for sustained growth in the highly competitive retail market, the purpose of this study was to empirically analyze the key drivers of customer satisfaction in retail stores in Hyderabad. The results of this study will help retailers in Hyderabad improve their strategies to better serve their customers and provide valuable insight into the various factors that influence customer satisfaction. By focusing on critical elements such as product quality, service quality, store ambience, pricing strategies, and technological integration, the study has highlighted that customer satisfaction is shaped by a combination of factors that go beyond just offering good products. One of the most important factors in customer satisfaction was service quality, highlighting the significance of staff involvement in customer service training and creating a positive retail experience. Customers' perceptions and satisfaction were found to be significantly influenced by store ambience and competitive pricing, indicating that retailers should invest in creating a welcoming, convenient, and enjoyable shopping environment in addition to focusing on product selection. The integration of modern technology, such as mobile apps and self-checkout systems, also plays a crucial role in enhancing customer satisfaction, pointing to the growing need for retailers to embrace technological advancements to stay relevant.

The study also revealed a strong link between customer satisfaction and customer loyalty, reinforcing the importance of meeting or exceeding customer expectations in building long-term relationships with consumers. Satisfied customers are more likely to return, make repeat purchases, and recommend the store to others, thus contributing to improved business performance.

In conclusion, organized retail stores in Hyderabad must adopt a holistic approach to customer satisfaction, focusing not only on the products they offer but also on service quality, pricing, store atmosphere, and the use of technology. By aligning their strategies with the expectations of their customers, retailers can foster customer loyalty, improve brand reputation, and sustain competitive advantage in the fast-evolving retail landscape.

Recommendations

- The key drivers of customer satisfaction in retail stores in Hyderabad must be enhanced
- The retail managers in Hyderabad e.g., enhance customer service, improve store layouts, adjust pricing strategies to attract more inflow of customers
- The future research must be conducted in the areas e.g., customer loyalty, impact of online shopping on in-store satisfaction.

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